5 January 1982 As of 1200

TALKING POINTS FOR THE DCI

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Martial law so far successful in stamping out overt resistance to the regime.

- -- No strikes reported at present and most people have returned to work. Some passive resistance probably still goes on.
- -- Martial law restrictions relaxed somewhat by reducing curfews, reopening schools and restoring limited communcations links. Recent increase in security forces presence, presumably to intimidate workers.
- -- Polish military apparently met government expectations but not used <u>directly</u> against strikers.

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Relatively confident of its position, the government has begun to introduce some austerity measures and systemic economic reform.

- -- Retail price increases proposed--300 to 400 percent--to mop up excess money supply and bring order to domestic markets;
- -- Meat rations reduced and private farmers threatened with compulsory procurement;
- -- Six-day work week in coal mining and other key economic sectors claimed to be successful;
- -- Devaluation of the zloty and wholesale price increases, previously scheduled, introduced.

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The government has also been moving to purge "unreliable" elements from the party, government, and press.

- -- Provincial leaders and the Central party apparatus reportedly to meet this week, possibly to initiate a party purge.
- -- "Verification" program for reporters, professors, government officials and workers at key installations being conducted. Solidarity supporters are often dismissed.

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Little change in the dynamics of relations among the Military Council, Party, Church, and Solidarity.

- -- Church has had little success in getting negotiations started between Solidarity and the government. Church continues to play a low-key role and to urge non-violence and negotiation.
- -- Despite reports of discussions between the government and low level Solidarity officials, meaningful talks unlikely while senior union officials detained.
- -- Walesa apparently continues to insist on conditions for negotiation, including participation by the entire Solidarity presidium and by his own key aides. The government so far apparently unwilling to accept.
- -- The government reportedly moved at least 16 major Solidarity figures recently, raising Solidarity fears that they may be put on trial. Alleged Solidarity activists accused of instigating strikes already being put on trial.

Solidarity as an organization apparently severely crippled, although information limited.

-- Martial law restrictions inhibit union coordination and communication. Union apparently reduced to disseminating occasional clandestine bulletins.

The Soviets continue to monitor the situation, but some evidence suggests Soviet leaders feel less concern.

-- Many Soviet military officers have left Poland. Only 6 Soviet officials remain at Rembertow, the smallest contingent there since April.

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Soviet propaganda has used imposition of US sanctions to portray US as divided from its allies and to divert public attention from events within Poland.

The Soviets nonetheless face formidable problems:

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- -- They are deeply concerned over state of Polish Communist party; want it to resume its leading role as soon as possible, yet realise major rejuvenation must first take place.
- -- The cost of stepped-up deliveries of food and oil will have demonstrated further that Poland may now become even more of an economic burden than before.
- -- Moscow doubtless wants Solidarity's future role, if any, to be minimal, and will pressure Jaruzelski to impose a traditional role upon the Polish unions.

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